

806 KAR 14:020. Binders.

RELATES TO: KRS 304.14-220

STATUTORY AUTHORITY: KRS 304.2-110

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Executive Director of Insurance may make reasonable rules and administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation sets forth certain requirements to be met by companies when issuing binders.

Section 1. No binder shall be issued covering any property or casualty risk within the Commonwealth of Kentucky unless a proper premium is charged therefor, and no such coverage shall be cancelled flat. In every case, the agent must charge the proper pro rata or short rate premium for the period of risk.

Section 2. (1) When a policy is issued in the same company, the date of commencement of the policy must be the same as the binder unless a pro rata earned premium is charged for the period of the binder.

(2) Binders in effect less than fifteen (15) days, however, may be cancelled flat as "not taken" without premium charge, subject to the approval of the company; provided the cancelled binder is received by the insuring company within fifteen (15) days of its effective date.

Section 3. This administrative regulation does not apply to business being audited by the office of insurance services and successor agencies, as the subject is covered in its filed and approved rule book. On lines not being audited by said office, every binder shall be handled in accordance with this administrative regulation. (I-14.10; 1 Ky.R. 866; eff. 5-14-75; TAm eff. 8-9-2007.)